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**Education Committee**

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**SB 6219**

**Brief Description:** Providing for financial literacy education.

**Sponsors:** Senators Keiser, Weinstein, Eide, Pridemore, Prentice, Berkey, Fraser and Kohl-Welles.

**Brief Summary of Bill**

- Encourages school district boards of directors to adopt and integrate financial literacy programs.
- Defines "financial literacy."

**Hearing Date:** 2/16/06

**Staff:** Sarah Ream (786-7303).

**Background:**

According to a 1999 study conducted by the American Savings Education Council, fewer than half of all high school and college students have regular savings plans. Only about one-fourth of the students stick to a budget and more than one-third don't keep track of their spending at all. According to a survey conducted by the National Council on Economic Education, financial illiteracy is not limited to students. Half of all adults fail to understand basic economic concepts.

Federal efforts regarding financial literacy

A congressional resolution issued in 2003 indicated that only twenty-six percent of students between thirteen and twenty-one years of age reported that their parents actively taught them how to manage money. Although various private banking interests make financial management educational programs available to schools, financial literacy currently is not a required subject of instruction in the state's public schools.

In testimony before the United States House of Representatives Committee on Education and the Workforce, Bob Duvall, CEO of the National Council on Economic Education, testified that "(financial) literacy, together with reading and mathematics, is the key to home ownership, managing credit, financing higher education, saving for retirement, and citizenship."

The federal Departments of the Treasury and Education are working to encourage schools to integrate basic financial education into their reading and math curriculum in accordance with the

goals of the "No Child Left Behind Act". The act includes several provisions that encourage financial literacy. For example, the law allows districts to use funds from the Local Innovative Education Programs to support activities that provide consumer, economic and personal finance education. The law also included the Excellence in Economic Education program. Through the program, the Secretary of Education may award a grant to a non-profit entity to foster economic literacy through a variety of activities.

#### Washington efforts regarding financial literacy

In 2004, the legislature created the Washington Financial Literacy Public-Private Partnership to, among other things, seek out and determine the best methods of equipping students with financial literacy knowledge and skills. This task was expanded during the 2005 legislative session when the partnership was directed to identify and make available to school districts a list of identified financial literacy skills and knowledge, instructional materials, assessments and other relevant information. The partnership was also directed to develop a structure and set of operating principles to assist interested school districts in improving their students' financial literacy by providing such things as instructional materials and professional development for teachers. The 2005 legislation also directed the partnership to prepare recommendations for the inclusion of financial literacy principles in the Washington Assessment of Student Learning.

#### **Summary of Bill:**

School district board of directors are encouraged to adopt and integrate, within the existing curriculum, a financial literacy program. "Financial literacy" is defined as the achievement of skills and knowledge necessary to make informed judgments and effective decisions about earning, spending, and management of money and credit.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.